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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/597,107

04/20/2007

Charles Cottle

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EXAMINER

POLLOCK, GREGORY A

ART UNIT

PAPER NUMBER

3695

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b>	<b>Applicant(s)</b>	
	10/597,107	COTTLE, CHARLES	
	<b>Examiner</b>	<b>Art Unit</b>	
	GREG POLLOCK	3695	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) ☒ Responsive to communication(s) filed on 26 October 2009.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) ☒ Claim(s) 23, 44, 49, 53, 55, 65, 66, 68-70, 74, 76-79, 81 and 127 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 23, 44, 49, 53, 55, 65, 66, 68-70, 74, 76-79, 81, and 127 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- |   |   |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                    | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)         | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____   | 6) <input type="checkbox"/> Other: _____                          |

### DETAILED ACTION

1. This action is responsive to claims filed 10/26/2009 and Applicant's request for reconsideration of application 10/597107 filed 10/26/2009.

The amendment contains original claims 49, 66, 69-70, 77-79, and 81.

The amendment contains amended claims 23, 44, 53, 55, 65, 68, 74, and 76.

Claims 1-22, 24-43, 45-48, 50-52, 54, 56-64, 67, 71-73, 75, 80, 82-126 have been canceled.

The amendment contains new claim 127.

As such, claims 23, 44, 49, 53, 55, 65, 66, 68-70, 74, 76-79, 81, and 127 have been examined with this office action.

### ***Claim Rejections - 35 USC § 112***

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:  
  
The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
3. Regarding **claim 127**, the phrase "may" renders the claim indefinite because it is unclear whether the limitation(s) following the phrase are part of the claimed invention.
4. **Claims 23, 44, and 65** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claims 11, 12, 17, and 18 recite the structural elements of "a specific type of option transaction ". It is unclear from the claims what constitutes "a specific type" of option transaction.

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5. **Claims 23, 44, 65, and 127** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claims 23, 44, 65, and 127 recite the structural elements of “wherein the user's ordered versatile financial transaction is at a higher level than each of the at least five subcomponent option transactions”. It is unclear from the claims what constitutes “higher level” of a transaction.

***Claim Rejections - 35 USC § 101***

6. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

7. **Claims 23, 44, 49, 53, 55, 65, 66, 68-70, 74, 76-79, and 81** are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claims are directed toward the statutory category of a method (process), however based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a statutory § 101 process must (1) be tied to a particular machine or apparatus or (2) physically transform underlying subject matter (such as an article or materials) to a different state or thing. (i.e. "machine-or transformation test"). If neither of these requirements is met by the claim, method is not a patent eligible process under § 101 and is rejected as being directed toward non-statutory subject matter.

There are two corollaries to the machine-or-transformation test. First, a mere field-of-use limitation in the preamble is insufficient to render an otherwise ineligible method claim patent-eligible. The machine or transformation must impose meaningful limits on the method claims scope to pass the test. Second, insignificant extra-solution activity will not transform an unpatentable principle into a patentable process. Therefore, reciting a specific machine or a particular transformation of a specific article is an insignificant step, such as data gathering or outputting, is not sufficient to pass the test. Nominal recitations of structure in an otherwise ineligible method fail to make the method a statutory process. See *Benson*, 409 U.S. at 71-72. As *Comiskey* recognized, "the mere use of the machine to collect data necessary for application of the mental process may not make the claim patentable subject matter." *Comiskey*, 499 F.3d at 1380 (citing *In re Grams*, 888 F.2d 835, 839-40 (Fed. Cir.1989)). Incidental physical limitations, such as data gathering, field of use limitations, and post-solution activity are not enough to convert an abstract idea into a statutory process. In other words, nominal or token recitations of structure in a method claim do not convert an otherwise ineligible claim into an eligible one.

As example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (thing or product) to which it is tied, for example by identifying the apparatus that

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accomplishes the method steps, or positively recite the subject matter being transformed, for example by identifying the material being changed to a different state. (Diamond v. Diehr, 450 US 175, 184 (1981); Parker V. Flook, 437 US 584,588 n.9 (1978); gottschalk v. Benson, 409 US 63, 70 (1972); Cochrane v Deener, 94 US 780, 787-88 (1876)). Applicant is also directed to MPEP § 2173.05p, providing guidance with respect to reciting a product and process in the same claim and MPEP § 2111.02 [R3] providing guidance with respect to the effect of limitations within the preamble of a claim.

8. **In reference to claims**, the claims do not positively recite the other statutory class (thing or product) to which it is tied, by identifying the apparatus that accomplishes the method steps. The claims have been amended to include nominal recitations of a method “in a computer system”. However the remaining limits of the claims do not recite the structural apparatus that is performing the method steps. It is unclear what is performing these method steps and as such it is broadly interpreted to encompass all means by which the claim limit can be performed (including a purely mental step performed by a human). To resolve this deficiency, it must be made clear what underlying apparatus is used to perform each recited method step, particularly those that are considered a core/central part of what the applicant invented. Additionally, merely stating the underlying apparatus in the preamble is not sufficient. Further, if the method step is performed by software, it must be made clear that the software resides on a

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physical media and when read by a processor executes the method steps (all of which requires support in the specification.

### ***Claim Rejections - 35 USC § 103***

9. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

10. Claims 23, 44, 49, 53, 55, 65, 66, 68-70, 74, 76-79, 81, and 127 are rejected under 35 U.S.C. 103(a) as being unpatentable over Nordlicht (PGPub Document No. 20050137964) in view of Himmelstein (U.S. Patent No. 6993511).

**As per claim 23, Nordlicht teaches a method in a computer system of generating a versatile financial transaction ([Title] [claim 29]), comprising: providing a user a graphical user interface to select a versatile financial transaction from a plurality of possible versatile financial transactions ([¶11-13] [Figure 3] [¶62]); receiving at the computer system an order from the user for the versatile financial transaction, wherein the versatile financial transaction is related to an underlying instrument ([¶2-13] [¶11-13] [¶59] [¶63] [¶82]); wherein the versatile financial transaction is comprised of at least five subcomponent option transactions (multi-legged contracts or trade, see at least [¶2-13, especially ¶3, lines 30-31] [Table under ¶82, "Premium"] [¶89-109] [¶134-141]) wherein each of the at least five subcomponent option transactions is related to the underling instrument ([¶2-13] [¶11-13] [¶59] [¶63] [¶82]); wherein the user's ordered versatile financial transaction is at a higher level than each of the at least five subcomponent option transactions (multi-legged contracts or trades trade as a unit or package, see at least [¶2-13, especially ¶3, lines 30-31] [Table under ¶82, "Premium"] [¶97-98] [¶106-107] and are sequenced [¶29] [¶86] [¶96]); electronically processing the order for the subcomponent option transactions ([¶11-13] [¶116-117]); wherein the subcomponent option transactions are interrelated (multi-legged contracts or trade, see at least [¶2-13, especially ¶3, lines 30-31] [Table under ¶82, "Premium"] [¶89-109] [¶134-**

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141]); wherein each of the at least five subcomponent option transactions is a specific type of option transaction (see at least [¶2-13] [¶62-68] [¶72]); transmitting via the computer system wherein the interrelated subcomponents to a trade executing entity for fulfillment ([¶11-13] [¶58]); and presenting the user, via the graphical user interface, with a confirmation of an execution of trades for each of the order's subcomponents ([¶64] [¶66]).

Nordlicht implies but does not explicitly indicate in its description, that the **subcomponent parameters specified in the order are based on ordering requirements made for the versatile financial transaction** (multi-legged contracts or trades trade as a unit or package, see at least [¶2-13, especially ¶3, lines 30-31] [Table under ¶82, "Premium"] [¶97-98] [¶106-107] and are sequenced [¶29] [¶86] [¶96]).

Himmelstein teaches a method **wherein subcomponent parameters specified in the order are based on ordering requirements made for the versatile financial transaction** ([column 9, lines 4-31, especially lines 12-13] [column 12, lines 1-15]) ([column 9, lines 4-31, especially lines 12-13] [column 12, lines 1-15])

I would have been obvious to one of ordinary skill in the art at the time of the invention to have combined the invention of Himmelstein with that of Nordlicht to achieve the claimed invention. One skilled in the art would be motivated to combine the inventions because Himmelstein incorporating the security stock into a Himmelstein Option that is bartered removes uncertainty (i.e. future risk). This is beneficial in many instances. For example, successful, educated investors desiring to decrease their stock portfolio can recognize this benefit and utilize the Himmelstein Option to reduce their stock portfolio in a controlled manner.

**As per claim 44**, Nordlicht teaches a method of **identifying an underlying financial instrument and identifying a versatile financial transaction for the underlying financial instrument** ([¶2-13] [¶11-13] [¶59] [¶63] [¶82]).

All of the remaining limits of Claim 44 have been previously addressed in Claim 23, and is therefore rejected using the same prior art and rationale.

**As per claim 48**, the rejection of claim 44 has been addressed.

All of the limits of Claim 48 have been previously addressed in Claim 44, and is therefore rejected using the same prior art and rationale.

**As per claim 49**, the rejection of claim 44 has been addressed.

Nordlicht implies but does not explicitly indicate in its description, that the **at least one of the subcomponents' specified in the order require other subcomponents in the order to execute as specified, otherwise both sets of**



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**subcomponents will not execute** (multi-legged contracts or trades trade as a unit or package, see at least ¶¶2-13, especially ¶3, lines 30-31] [Table under ¶82, "Premium"] ¶¶97-98] ¶¶106-107] and are sequenced ¶29] ¶86] ¶96]).

Himmelstein teaches a method **wherein at least one of the subcomponents' specified in the order require other subcomponents in the order to execute as specified, otherwise both sets of subcomponents will not execute** (barter orders use multi-order barter selection [column 8, lines 10-60] and can use the system as an intermediary and create barter orders for financials which it does not currently have possession [column 18, line 48 – column 23, line 5] and [Figures 3 and 7A-7E]. Once in possession, the order is matched [column 8, lines 10-60]).

I would have been obvious to one of ordinary skill in the art at the time of the invention to have combined the invention of Himmelstein with that of Nordlicht to achieve the claimed invention. One skilled in the art would be motivated to combine the inventions because Himmelstein incorporating the security stock into a Himmelstein Option that is bartered removes uncertainty (i.e. future risk). This is beneficial in many instances. For example, successful, educated investors desiring to decrease their stock portfolio can recognize this benefit and utilize the Himmelstein Option to reduce their stock portfolio in a controlled manner.

**As per claim 53**, the rejection of claim 44 has been addressed.

All of the limits of Claim 53 have been previously addressed in Claim 23, and is therefore rejected using the same prior art and rationale.

**As per claim 55**, the rejection of claim 44 has been addressed.

All of the limits of Claim 55 have been previously addressed in Claim 44, and is therefore rejected using the same prior art and rationale.

**As per claim 65**, All of the limits of Claim 65 have been previously addressed in Claims 23 and 44, and is therefore rejected using the same prior art and rationale.

**As per claim 66**, the rejection of claim 65 has been addressed.

Nordlicht implies but does not explicitly indicate in its description, that the **wherein a complement order is made available to a trading market**.

Himmelstein teaches a method **wherein a complement order is made available to a trading market** (barter orders, which are financials [column 1, lines 14-36], [column 2, lines 29-50], [column 4, lines 28-45], [column 9, lines 32-49], especially [column 21, line 60 – column 22, line 24], are created and matched [column 2, lines 51-53] and [Figures 1, 3, 4A-4D, 7A-8 ] using Himmelstein Options in a virtual market [column 3, line 49 – column 4, line 45]).

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I would have been obvious to one of ordinary skill in the art at the time of the invention to have combined the invention of Himmelstein with that of Nordlicht to achieve the claimed invention. One skilled in the art would be motivated to combine the inventions because Himmelstein incorporating the security stock into a Himmelstein Option that is bartered removes uncertainty (i.e. future risk). This is beneficial in many instances. For example, successful, educated investors desiring to decrease their stock portfolio can recognize this benefit and utilize the Himmelstein Option to reduce their stock portfolio in a controlled manner.

**As per claim 68**, the rejection of claim 65 has been addressed.

Nordlicht teaches a method **wherein the subcomponent transactions are over-the-counter options transactions** (multi-legged contracts or trade, see at least ¶¶2-13, especially ¶3, lines 30-31) [Table under ¶82, "Premium"] [¶89-109] [¶134-141]).

**As per claim 69**, the rejection of claim 65 has been addressed.

All of the limits of Claim 69 have been previously addressed in Claims 23, and is therefore rejected using the same prior art and rationale.

**As per claim 70**, the rejection of claim 65 has been addressed.

All of the limits of Claim 70 have been previously addressed in Claims 49, and is therefore rejected using the same prior art and rationale.

**As per claim 74**, the rejection of claim 65 has been addressed.

All of the limits of Claim 74 have been previously addressed in Claims 23, and is therefore rejected using the same prior art and rationale.

**As per claim 76**, the rejection of claim 65 has been addressed.

All of the limits of Claim 76 have been previously addressed in Claims 23, and is therefore rejected using the same prior art and rationale.

**As per claim 77**, the rejection of claim 65 has been addressed.

Nordlicht teaches a method **wherein one order is populated for all subcomponents transactions** (¶¶11-13) [Figure 4] [¶62] [¶76] [¶83]).

**As per claim 78**, the rejection of claim 65 has been addressed.

Nordlicht teaches a method **wherein one order is provided for each subcomponent transactions** (multi-legged contracts or trades trade as a unit or package, see at least ¶¶2-13, especially ¶3, lines 30-31) [Table under ¶82, "Premium"] [¶97-98] [¶106-107] and are sequenced [¶29] [¶86] [¶96]).

**As per claim 79**, the rejection of claim 65 has been addressed.

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Nordlicht implies but does not explicitly indicate in its description, that the **wherein some subcomponents are amalgamated into one order and other orders are provided for each subcomponent** (multi-legged contracts or trades trade as a unit or package, see at least ¶¶2-13, especially ¶3, lines 30-31] [Table under ¶82, "Premium"] [¶97-98] [¶106-107] and are sequenced [¶29] [¶86] [¶96]).

Himmelstein teaches a method **wherein some subcomponents are amalgamated into one order and other orders are provided for each subcomponent** ([column 7, line 22 – column 13, line 61], [column 18, line 48 – column 23, line 5], [Figures 2, 3, 6, 7A-7E, 9A-9B]).

I would have been obvious to one of ordinary skill in the art at the time of the invention to have combined the invention of Himmelstein with that of Nordlicht to achieve the claimed invention. One skilled in the art would be motivated to combine the inventions because Himmelstein incorporating the security stock into a Himmelstein Option that is bartered removes uncertainty (i.e. future risk). This is beneficial in many instances. For example, successful, educated investors desiring to decrease their stock portfolio can recognize this benefit and utilize the Himmelstein Option to reduce their stock portfolio in a controlled manner.

**As per claim 81**, the rejection of claim 65 has been addressed.

Nordlicht **wherein the versatile financial transaction is a SlingshotHedge** (see at least ¶¶2-13, especially ¶3, lines 30-31] [Table under ¶82, "Premium"] [¶89-109] [¶134-141] Note that a SlingshotHedge is a particular species of the generic contracts (trade orders) and does not change the underlying functionality of the method or apparatus.).

**As per claim 127**, Nordlicht teaches a **memory storage containing instructions configured to be executed by a processor, the instructions which, when executed by the processor, cause the performance of a method** ([¶23-44]).

All of the remaining limits of Claim 127 have been previously addressed in Claim 23, and is therefore rejected using the same prior art and rationale.

### ***Response to Arguments***

11. Applicant's arguments with regards to claims 23, 44, 49, 53, 55, 65, 66, 68-70, 74, 76-79, 81, and 127, filed 10/26/2009 have been fully considered but they are not persuasive.

12. APPLICANT REMARKS CONCERNING Claim Rejections - 35 USC § 101: The applicant contends that the amended method claims overcome the prior 35 USC § 101.
13. EXAMINER'S RESPONSE: Examiner respectfully disagrees with Applicant's arguments. The claims do not positively recite the other statutory class (thing or product) to which it is tied, by identifying the apparatus that accomplishes the method steps. The claims have been amended to include nominal recitations of a method "in a computer system". However the remaining limits of the claims do not recite the structural apparatus that is performing the method steps. It is unclear what is performing these method steps and as such it is broadly interpreted to encompass all means by which the claim limit can be performed (including a purely mental step performed by a human).
14. APPLICANT REMARKS CONCERNING Prior Art:: The applicant contends that the amended method claims overcome the prior art of record.
15. EXAMINER'S RESPONSE: This argument is moot based one new ground(s) of rejection necessitated by applicant's amendments. The prior art rejection found in this office action serves as the examiner response.

***Conclusion***

16. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Gregory Pollock whose telephone number is 571 270-1465. The examiner can normally be reached on 7:30 AM - 4 PM, Mon-Fri Eastern Time.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Chuck Kyle can be reached on 571 272-5233. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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/Gregory Pollock/  
Examiner, Art Unit 3695

Gregory A. Pollock

/Thu Thao Havan/  
Primary Examiner, Art Unit 3695